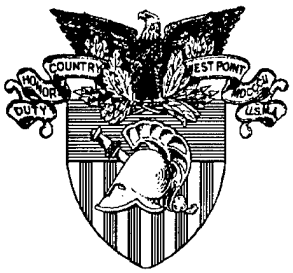

United States Military Academy

West Point, New York 10996

Enhanced Use Leasing

OPERATIONS RESEARCH CENTER OF EXCELLENCE
TECHNICAL REPORT #: DSE-TR-02-07

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June 2002

The Operations Research Center of Excellence in supported by the
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Section 1. Problem Definition

1.1. Definition of Enhanced Use Leasing

Enhanced Use Leasing (EUL) is part of a legislative authorization for military departments to lease underutilized real property, governed by Section 2667 Title 10 United States Code. The term "enhanced" was added as part of a 2001 amendment from Section 2812 of H.R. 5408, the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 and enacted into Public Law 106-398. The major changes made in this amendment expand the categories of consideration received in exchange for a lease as well as expanding the potential properties for which enhanced use leasing may apply.

The new law still requires the lessee to pay, in cash or in-kind, consideration in an amount that is not less than the fair market value of the lease interest. However, the categories of in-kind consideration that may be accepted in lieu of cash are expanded to include construction of new facilities, restoration (including environmental), acquisition, alteration, and other services. Further, the Service Secretary may now accept in-kind consideration for any property or facility under the control of that Service, rather than just at the installation where the property was leased. Cash consideration is now available for an expanded variety of base operating support functions including construction or acquisition of new facilities, restoration (including environmental), lease of facilities, facilities operation support, improvement, alteration and other services. [OSD Policy Memo, SUBJECT: Section 2667 of Title 10, US Code: Enhanced Use Leasing]

1.2. Background

"We will find ways to make more efficient use of our resources by bringing the best business practices of corporate America into our department."

The Honorable Thomas A. White, Secretary of the Army

For over a decade, the Army has been downsizing to most efficiently meet the needs of our nation. As the Cold War ended, the United States was clearly the most lethal army in the world. The land, equipment, and troops needed to combat the threat of another superpower such

as the Soviet Union were no longer needed which led to the draw down of our force strength. One of the byproducts of this downsizing is underutilized real property located on Army posts. Although there have been bases closed altogether under the Base Realignment and Closure (BRAC) process, the focus of this report is on real property that is not excess. In other words, there exists some Army real property that has potential future use or that is geographically surrounded by property that is clearly in use. This real property is causing a financial burden on installations' operational costs.

Recent legislative changes (Title 10, Section 2667) have enhanced the authority of military departments to lease non-excess real property for cash or in-kind consideration. Any revenues derived from the lease of Army property under this legislation is provided back to the Army. As with any underutilized inventory, the goal should be to look for new ways to gain value from the inventory. The Army has an expanded tool for resourcing the upgrade and maintenance of its installation facilities. The Army can make use of this tool by articulating the program's benefits to the installation commanders and providing them with detailed implementation guidance.

Although the section 2667 has been in existence for decades, the legislation was restrictive in its application and was not viewed as a potential tool to offset base operating costs. The enhancements to the legislation combined with the military movement to seek better business practices, led to a drive to increase the number of enhanced use lease projects. This campaign, spearheaded by the Assistant Chief of Staff for Installation Management (ACSIM), included advertising/information briefings at Garrison Commanders' and Department of Housing and Public Works (DHPW) Conferences, as well as the continued development of a guidance document, or handbook, for installation commander's to use in implementing the program.

1.3. Needs Analysis

The primitive need for this project is to cause installation commanders to begin using enhanced use leasing as a means of externally resourcing some base operating costs.

The effective need takes a broader look at the problem and restates it in terms of the end state desired, void of any potential solutions to achieving the goals. The effective need is that installation commanders need to resource the management of their real property.

The scope of this project is limited to enhanced use leasing, and does not consider other resourcing options – such as standard leases, military construction budget requests, housing privatization, contracting, base operations funding, out leases, or licenses. As such, the problem is scoped to the following statements:

To propose sequenced process guidance that assists installation commanders in implementing enhanced use leasing.
To propose a tool to aid installation commanders in the selection of qualified developers.

1.4. Stakeholder Analysis

The list of stakeholders in a problem that covers both policy and implementation recommendations can be very diverse. However, identifying all possible stakeholders at the beginning can help to foresee and mitigate future risks. The list of stakeholders will be classified into the following categories: sponsor, client, decision maker, and user.

The sponsor of this research is the Assistant Secretary of the Army, Financial Management & Comptroller (ASA (FM&C)), Business Practice and Resource Analysis Division. They funded this research and other Operations Research Center of Excellence (ORCEN) projects that are of interest to the Army.

Although ASA (FM&C) is the sponsor in this project, as they are for many of our other projects, they are also the clients for this research. They proposed this research topic as being beneficial to the Army Staff. In addition, the successful implementation of enhanced use leasing would be financially beneficial to the Army.

There are two decision makers in this project, depending upon the section of the product involved. The proponent of the Enhanced Use Leasing program, the Assistant Chief of Staff for Installation Management, would decide on whether or not to adopt any policy or guidance recommendations. The installation commander, responsible for implementing an enhanced use lease project, is the decision maker in terms of adopting the developer selection tool.

The users, as a category of stakeholder, are the people who will work within the realm of enhanced use leasing as a program. This is a broad category that includes the Army Staff agencies listed previously, the installation commanders and their staffs, United States Army Corps of Engineers (USACE), developers and potential private partners, soldiers on the

installation, the local community that surrounds the installation, local, state, and government officials, and the end users – those that will eventually lease and use the property.

Section 2. Charting the Enhanced Use Lease Process

2.1. Identifying the Steps

The procedures required for engaging in an enhanced use lease come from several sources. Law mandates some requirements. Other requirements are service specific and regulated by, in this case, Army regulations and policy documents. The steps for enhanced use leasing are being developed by ACSIM and are part of a dynamic guidance document.

As part of the investigation, two cases of an enhanced use lease have been identified, depending upon the size and scope of the project. The steps have been titled as an **Enhanced Use Lease** and as a **Fast Track Enhanced Use Lease**. The fast track enhanced use lease process is designed for small, low risk projects. This fast track process was created to streamline an already lengthy process and by eliminating unnecessary requirements.

2.2. Documenting the Process

There are several ways to document the process for an enhanced use lease, to include a flow diagram, a work breakdown structure, or a checklist. The ACSIM guidebook currently explains the process in paragraph text form. In order to articulate the process in a fashion that adds value to the user, we looked for other information that would be useful to be displayed in the same area. In order to do this, we used a common package to all installations and staffs, Microsoft Excel. This packaging of the steps required to enter into an enhanced use lease provides the visual benefit of a flow diagram and a searchable field structure, as well as the ability to quickly add, delete, or modify steps. This product can also be easily tailored to each installation or project if necessary.

Another primary feature of this tool is that it provides a quick reference to several categories, to include:

- Action
- Responsibility
- Coordinating/Supporting Agencies
- References/Regulations

- Areas to Consider/Lessons Learned
- Potential Risks

By adding these categories, users can fix responsible for each step and identify the approving authorities, as well as be made aware of potential risks. This will help streamline the process and assist in risk management.

Section 3. Selecting Property for Enhanced Use Lease

3.1. Motivation

In viewing the enhanced use lease process, it is clear that the majority of the responsibility falls with the installation commander. Installation commanders normally serve a two-year tour. The length of the enhanced use lease process does not lend itself to a program in which installation commanders can initiate and reap the benefits within their tour of duty. Additionally, there can be significant up front costs to initiate an enhanced use lease, while the potential reward is not received until much later in the process. The up front costs include financial costs for appraisals, advertising, and baseline studies. However, more importantly, there are significant personnel costs in appointing a business unit staff or enhanced use lease project team. This program is not resourced with additional personnel, so commanders are faced with a zero sum game. In order to accomplish this project, another potential project will go unresourced. Therefore, the enhanced use lease program should not be programmed as a replacement for budgeting base operating costs at the installation. The tradeoff becomes the balance between quality and execution. Projects are usually accomplished better when they are initiated at the ground level rather than being mandated. However, the previous arguments show many reasons why this program may need to be mandated in order to get off the ground.

The new regional installation command hierarchy will help offset some of the motivation issues. The regional offices will have more continuity and will develop more expertise in this program than the installation commander. Therefore, much of the planning guidance and planning execution should be assigned to the regional installation staff rather than the installation staff. The regional staffs would eventually benefit from lessons learned and can articulate a standard process instead of each installation suffering through a learning curve for each process. The regional offices can also gain economies of scale in any consulting or other assistance that is needed.

3.2. Risk

Entering into any real estate venture has potential risk involved. The more that the installation representatives understand the potential risks, for both the Army and the developer, the better prepared they will be to prevent and mitigate the potential pitfalls. The risks can be broken down into several categories: **Financial Risk**, **Risk of Not Completing the Project on Time**, and **Market Risk**.

3.2.1. Financial Risk

Some of the primary risks to the Army are contained in our level of knowledge regarding for-profit real estate dealings. Without market knowledge, the Army must ensure that it gets a fair share of profit and compensation. This will become an important criterion in developer selection, as the Army will look to the developer to provide this kind of expertise. The developer will provide much of the cash flow for any project renovation or construction, but if the Army must take back the property for its own interests, we must be prepared to compensate the developer for any costs incurred. It is important to note here that for larger projects, the developers will require long term (e.g. 50 year) leases in order to break even and start drawing a profit. In order to mitigate financial risks, the installation must ensure that someone with a financial background be on the developer selection panel. Another way to mitigate or share financial risk is to seek tenants early in the process and seek security deposits or retainers. This will validate demand for the property, bring in cash flow, and has the potential to allow tenant feedback into their desires for any special requirements prior to construction.

3.2.2. Risk Of Not Completing Project On Time

Project creep is an all too common experience. The best way to avoid costly delays is to understand the project, to include any potential shortfalls, before execution. It becomes more costly to solve a problem when it becomes an emergency rather than identifying it up front. Some of the areas that should be addressed in the planning stage are whether the property or tenants will require any supporting infrastructure that has not been identified. This can include areas such as parking or making sure that adequate utilities exist for the properties intended use. In other words, if the facility is going to be a computer laboratory, it may need electric and

communications infrastructure beyond another type of facility. Other sources of project delay include political pressures. The local community and government can easily derail a project that does not align or support their interests. Special legislation can override a proposed enhanced use lease. Therefore, installations must be prepared to articulate the benefits to the local community, whether it is in terms of potential jobs or an increased tax base. This risk can never be eliminated, but allowing community representatives to be involved early in the process can help to identify and understand the concerns to avoid a larger problem later in the project.

3.2.3. Market Risk

The risk of not having tenants is largely a risk for the developer; however, it must be addressed at the installation before entering a proposal for an enhanced use lease. It is important to investigate the market potential for the property so that time and resources are not wasted on a project with insufficient demand. The installation needs to ensure that it has some mechanism to receive feedback on what properties that it owns have some market potential. Real estate value is relative. Therefore, where the military may see no value or benefit in a piece of real property, commercial developers may see tremendous value. Again, maintaining strong relationships with the local community will provide the installation with insight into the real property needs of the surrounding area.

Section 4. Decision Tool for Developer Selection

4.1. Developer Selection Background

The primary focus of this portion of the project is to provide installation commanders with a selection tool that will facilitate the process of choosing a developer. The model incorporates all identified criteria that an installation should consider while in the selection phase of the EUL process. Furthermore, it lists each of these criteria and provides a selection panel with specific and measurable methodology to objectively rate and choose the best developer. The model lists, defines, and provides a way to measure each criterion on which a developer will be rated. Ultimately, this model will help to determine the most qualified developer, but will allow the installation commander to make the final decision. Model results will rank order the developers, having scored them on a predetermined set of criteria and weights. This rating system eliminates areas within the selection process that could be tainted through subjectivity, and leaves an installation with the tools necessary to fairly and accurately analyze, rank, and choose the best developer to meet its needs.

4.2. Tool Criteria

From installation representative input, two main objectives can be derived for the selection tool. First, the selection tool should be easy to use, in terms of both the software itself and the training required to permit operation. The software will be user friendly, so any garrison commander or staff member will be able to easily use the program. It will also be accessible at all installations, so every garrison commander will have easy access to it whenever a leasing opportunity arises. The selection tool should also be easy enough to use so that training the users will not be difficult or time consuming. This tool should minimize the amount of training time, measured in number of hours. The diagram detailing information for this criterion can be found in Appendix D.

The second criterion for the tool is its cost. The tool should be low cost in terms of both time and money. The time to develop, implement, and use this tool should be minimized. The software used for the tool also should be as inexpensive as possible. In terms of monetary costs,

the more existing assets that are used for the tool, the less expensive it will be to implement. The goal is also to minimize the amount of money it takes to train the users. The diagram for this criterion can also be found in Appendix D.

4.3. Method / Technical Approach

The selection process is one aspect of EUL. Because the EUL process is already lengthy, part of the focus in this section is to streamline the selection process by standardizing a comprehensive methodology, while still enabling customization to each projects' unique characteristics. The tool also seeks to eliminate subjectivity and provide a quantifiable approach to developer selection. Each installation and each project has varying interests and constraints. As such, it is necessary for each installation to have the ability to value or weigh each criterion differently. Because all projects are unique in nature and have their own challenges, a three-step process to developer selection was created so that it could be tailored to any project. This process is shown graphically in Figure 1.

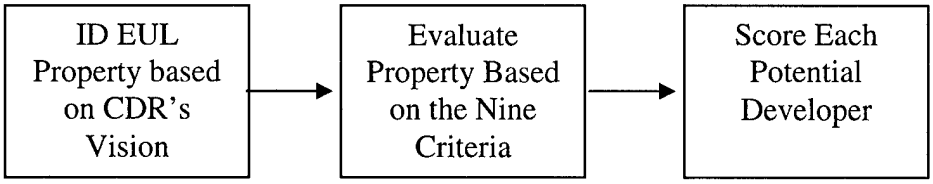

Figure 1. Three Step Process

The first step requires the installation commander to build on the goals, vision, and intent that he or she has previously established. The installation commander will articulate the installation's goals for the project by assigning values to each of the nine proposed criteria, discussed more in depth later in this report.

The second step is defining the evaluation process based on the nine criteria. Here we suggest an evaluation panel be formed comprised of ten individuals. The composition of the panel in itself can help to streamline the EUL process by taking advantage of previous knowledge and lessons learned. The panel members should consist of but not be limited to the following types of individuals:

- Legal Representative
- Garrison Commander
- District Army Corps of Engineers Representative
- Major Command (MACOM) Engineer
- DHPW (Department of Housing and Public Works)
- Regional Installation Representative
- Cultural and Natural Resources Representative
- Business Development Officer
- Local Community Relations Representative
- ACSIM Representative**
- Resource Management Analyst**

** It is recommended that these positions be filled with the same individuals through the process to maintain continuity and leadership in the EUL selection process.

The composition of the panel is significant because it brings in depth experience to the diverse categories being evaluated. Fort Sam Houston had a similar panel that seemed to work well, however when questioned about future improvements, they felt the EUL process would have gone more smoothly had they invited an ACSIM staff member. The proposed benefit is that this individual has a personal stake in seeing the project to completion, and therefore, be more familiar with the project should questions arise at the DA staff level. The DA staff member would also be able to capture lessons learned so that good ideas can be communicated to other project managers. Additionally, the panel members, such as the resource management analyst, can share their experience and knowledge in order to educate the rest of the panel. For example, the resource management analyst would be able to assess every applicant's financial standings by analyzing their firm's financial statements, income sheets, and balance sheets. The resource management analyst, in turn, should present their assessment to the rest of the panel, or at a minimum answer questions, because not everyone on the panel may be familiar with determining the financial worth of an organization. Therefore, each panel member will be able to evaluate the applicants fairly. We also propose that all members of the selection panel, when possible, are

Department of Defense (DoD) employees. This would eliminate the need to contract out individuals who will sit on the selection committee.

The last step, of the three-step process, is scoring the developers. The panel will evaluate each developer on the nine criteria using the score sheet (Appendix G). The scoring criteria are covered in more depth in section 4.4.

As the pilot program, Fort Sam Houston provided a good baseline for articulating what criteria should be considered for determining which developer is most qualified to do an EUL. Fort Sam Houston used the six criteria listed below. In order for the selection criteria to be comprehensive enough to be tailorable to all potential projects, we expanded these six criteria to the nine listed below.

Table 1. Fort Sam Houston Criteria.

FORT SAM HOUSTON CRITERIA
Capabilities / Qualifications
Relevant Experience / Past & Present Performance
Experience in Financing Institutional Projects and Financial Return Expectations
Experience with Historical Properties
Experience in Community Relations
Achievement of Army Goals

Table 2. ORCEN Revised Criteria.

NEW SELECTION CRITERIA
Project Approach
Qualifications of Key Personnel
Project Experience / History
Financial Solvency
Business / Financing Plan
Historical Properties Experience
Community Relations Approach
Achievement of Army Goals
Environmental Approach

Now that we have introduced the nine criteria, we can more fully explain how to approach step one of the process. As previously stated, the installation commander will build from the installation's goals and mission. With the needs and goals of the installation in mind,

the installation commander, or his designated staff member, will rate on a scale from zero to ten the importance of each criterion for an EUL. The unique characteristics of each property may be the driving force for the selection of the developer. This process enables that site-specific information to be included. For example, a property may have tremendous historical significance to the installation, Army, or the community. Because of this significant importance, the historical criterion may receive more weight than any other criterion for this particular situation. Similarly, a property may not have any historical significance whatsoever. In this situation, the criterion should receive a rating of zero, removing completely this criterion from further consideration. When a criterion is weighted with a zero, that criterion is eliminated. This then directly influences the selection because the developer will not be evaluated based on criteria that have no significance to the property or installation. Table 3 provides an example of how the installation commander could weight a property.

Table 3. Garrison Commander's Rating To Weight Each Selection Criterion.

Garrison Commander's Order of Importance and Weights		
	Rating 0 - 10	Weight
Project Approach	6	13.04
Qualifications of Key Personnel	6	13.04
Community Relations Approach	5	10.87
Achievement of Army goals	4	8.70
Project Experience / History	7	15.22
Financial Solvency	7	15.22
Business / Financing Plan	8	17.39
Historical Properties Experience	0	0.00
Environmental Approach	3	6.52
	Total	100.00

Following the garrison commander's weighting, the subsequent step requires that each panel member evaluate each developer. As mentioned before, the panel will evaluate the capabilities and limitations for each developer based on the nine criteria. Each of the nine criteria will be more fully defined later in the report. Appendix F shows the final selection product and the check sheet that will be used to assess each applicant's qualifications. The intent of this checklist is to remove subjectivity from the selection process and help guide panel members toward specific areas of interest. This check sheet is used to quantifiably assess each applicant.

Once all applicants have been evaluated using the score sheet, the values are put into an Excel based spreadsheet. This step is the final step toward calculating a score. The Excel matrix compiles all results from the panel and awards each applicant a raw score based on the garrison commander's weights per criteria and the individual panel member's assessment. Figure 2 provides an example of how one applicant may receive their evaluation or score from the panel.

Applicant #1:

PANEL MEMBERS	Weights	Legal Rep		Garrison Commander		Dist. Army Corps of Eng. Rep		MACOM Engineer		DHPW		Cultural & Natural Res. Off		Business Development Off		Local Com. Relations Rep		DA Staff member		Financial advisor		
SELECTION CRITERIA																						Mean (Cat.)
Project Approach	13.04	4	2	2	5	4	3	2	3	2	5	3.20
Qualifications of Key Personnel	13.04	3	3	3	3	4	3	3	2	4	2	3.00
Community Relations Approach	10.87	2	3	4	4	3	4	5	3	4	5	3.70
Achievement of Army Goals	8.70	3	4	4	4	3	5	4	3	3	4	3.70
Project Experience / History	15.22	2	3	4	3	3	3	3	3	3	3	3.00
Financial Solvency	15.22	1	2	2	2	2	2	2	2	2	2	1.90
Business / Financing Plan	17.39	2	3	3	3	3	3	3	3	3	3	2.90
Historical Properties Experience	0.00	3	1	1	1	1	1	1	1	1	1	1.20
Environmental Approach	6.52	2	3	3	3	3	3	3	3	3	3	2.90
												Total
Weighted Total	100.00	233	280	307	330	311	313	302	272	296	328	2972

Figure 2. Example Selection Panel Scoring.

4.4. Selection Criteria

This selection tool has the following nine main criteria, which will be discussed further in this section:

- Project Approach
- Qualifications of Key Personnel
- Project Experience / History
- Financial Solvency

- Business / Financing Plan
- Historical Properties Experience
- Community Relations Approach
- Achievement of Army Goals
- Environmental Approach

4.4.1. Project Approach

The first selection criterion is Project Approach. Project Approach measures the potential that the developer sees for the lease or property. This measurement looks at the developer's ability to execute a vision for a property. This criterion is important because the Army does not necessarily have the expertise and knowledge to prepare and execute a for profit real estate venture. This Project Approach criterion is measured by using a method called Behaviorally Anchored Rating Scales (BARS). The BARS approach develops behavioral anchors associated with different levels of performance that specifically define performance dimensions. In order to develop a BARS scale for Project Approach, we looked at critical incidents that would represent effective and ineffective performances under this criterion. We put the varying critical incidents into a scale to aid the rater in reviewing the candidates. This process eliminates most subjectivity, because it describes each number on the scale in detail for the rater. However, the rater still has a choice as to what number the candidate is awarded for his total score. [1] The BARS approach is equivalent to Multiattribute Utility Theory[2] with linear value functions. Linear value functions are assumed. This permits cardinal inferences to be made.

The BARS approach is advantageous because it increases inter-rater reliability by providing specific definitions for each performance dimension.[3] This approach meets one of the goals of providing a selection tool that limits the subjectivity in the panel while choosing a developer. This method also provides the panel specific criteria that will guide them in their selection process.

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[1] Noe, p. 288.
[2] Kirkwood, 1997.
[3] Ibid., p. 290.

Several critical criteria were chosen to make up the scales for the Project Approach category. Each criterion can be seen in the functional hierarchy found in Appendix E. The first measure for Project Approach is whether the developer has other works in progress. If the developer does have other projects going on during the same period, the other project or projects could distract the developer from his mission with our project. As for most projects, the installation will want the project completed at the earliest time possible. If the developer has many other jobs, it could take away from his time that he can spend working with the installation. The panel must assess the developer's ability to provide the necessary effort to propose, plan, and complete the project.

Next, the developer must illustrate the ability to respond to the Army and the installation during all phases of the project.[4] This relates to having no other projects, but it also deals with the developer's ability to understand and have a plan that will make his firm available to solve any problems that may occur within the different phases. The developer should include their contract management practices so the panel knows they will be able to ensure the execution of their plan throughout all stages.[5]

In the application, the developer should include an organizational chart that clearly demonstrates their capabilities of carrying out all functions required for the project.[6] With this chart, the developer will describe their approach to creating their plan for the project and how they will implement this plan. The chart should put emphasis on how their approach encompasses the entire project.[7] The panel should be able to tell that the developer has a clear understanding of the complexity of the project.

The developer must also be fully capable of meeting the needs and goals of the Army and installation. The developer must possess the capabilities to meet those needs and services, which will have been communicated in the advertisement and report of availability to lease. The services should provide the maximum benefit to the soldiers, their families, and the surrounding community. The developer must have the confidence that the amount of cash it will generate will be sufficient enough to help alleviate some of the operational costs of the installation and the project while also meeting their own profit or return on investment goals.

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[4] FSH NOL, p. 12.
[5] Ibid., p. 13.
[6] Ibid., p. 12.
[7] Ibid., p. 13.

Another consideration the panel needs to rate is the distance from the developer's office to the site of the project.[8] If the developer is far enough away that distance will infringe upon the project, the developer needs to submit a plan for how to compensate for the distance. The developer could set up a temporary office for the duration of the project or expand and have a permanent office near the installation.

The developer should also submit an estimated timeline that incorporates the project vision and how long it should take. Therefore, the panel can consider if the project will be completed in an efficient manner for each developer. The comprehensive final BARS scales for Project Approach can be found in Appendix F.

4.4.2. Qualifications of Key Personnel

The credentials of the developer's key personnel are very important to an installation. Key personnel are those people who are considered critical to the completion of the project.[9] The qualifications the panel examines include commitment, certifications, and resumes. The government wants to know that the developer either has capable personnel or has the ability to obtain capable personnel needed for the project. This tool focuses on six sub-criteria for the key personnel. All sub-criteria are rated based on the BARS approach. It is important to note that although this tool outlines an ordinal scale for each sub-criterion, the panel members can pick any number between one and five that they see fit for the developer. The scale for this criterion can be found in Appendix F.

The first sub-criterion is the number of full time staff engaged in the project development. The developer will submit the number of people that would be directly related to this type of project and what position they will hold and what responsibilities they will have during the project.[10] The panel will then decide whether the amount of personnel would be sufficient to complete the project earlier than expected, which would give the developer a rating of five. The lowest rating would require that the developer's number of key personnel engaged in the project is insufficient for the project to be completed within a time period that is acceptable for the installation to meet its needs and goals.

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[8] Ibid.
[9] Ibid.
[10] FSH NOL, p. 13.

The panel also needs to consider the developer's staffing plan. The staffing plan that the developer submits will describe their organizational approach to executing all responsibilities. It will also provide the overall project coordination by the firm. The plan should include an organization chart and staffing plan that demonstrates their capabilities of carrying out all functions required for the project. With this plan, the developer should still be able to respond to the needs of the Army and the installation during all phases of the work being done.

The developer also needs to provide the panel with a timetable for hiring any additional staff needed for the project.[11] Some developers will not have all the assets at their firms to meet all the needs of the project. Therefore, they will need to assign some phases of the work to other contractors. If a developer has the assets to complete the entire project, then he would automatically get the highest rating for this category because hiring additional personnel will not be a concern for the panel. If the developer is lacking in some work areas, he needs to recognize that there is a shortage and submit a plan that outlines the source of the new workers and the specific jobs that they will be completing.

The fourth sub-criterion is the extent to which key personnel have worked together as a team.[12] The installation will benefit from a team that has worked on at least three different projects before, because then the project is more likely to run smoothly with little delay caused by worker disputes. There will be more cohesion within the developer's organization and it will provide a better work environment throughout the project. If this project is the first time the members of the group will be working together, there could be problems of them overlapping their duty descriptions and causing delay in the completion of the project.

Key personnel need to possess the knowledge, skills, and abilities necessary to complete the project. This sub-criterion will be based on the workers' resumes, which the panel will review. All the personnel need to have the proper legal certifications needed for their job and for the project. These certifications will prove that the key personnel have the necessary skills that maintain the efficiency of the project.

The last sub-criterion is the extent to the availability and corporate commitment of the key personnel.[13] The panel can measure this aspect based on their resumes and on each

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[11] Ibid., p. 12
[12] Ibid., p. 13.
[13] Ibid.

individual's contract. The perfect situation for the installation would be if all the key personnel had contracts that extended beyond the project's completion. That way, the same people would be working on the project for the duration, and there would not be interruptions if someone left the company and another person was added midway through the project. Since this perfect situation may not happen very often, the panel needs the developer to have a plan to maintain their key personnel. The developer will still get a high score if they recognize that some of their employees' contracts will run out before project completion and if they have a plan to remedy the situation. The panel will look at the developer's continuity plan so see how they have dealt with turnover in the past.

Once the panel rates each of these sub-criteria, they will add up all the scores and take the mean of each subcriterion. This mean represents the overall rating for the developer's key personnel. This mean is the number that will be inserted into the final scorecard for the developers.

4.4.3. Community Relations Approach

The next selection criterion is the developer's community relations approach to the project. In this measure, the panel is assessing two main parameters: the approach the developer has made to community relations and past experience working with the surrounding community. In the application, the developer needs to provide a philosophy and a specific approach to managing community relations.[14] The panel will assess that philosophy and assign a grade accordingly. The panel will also look at how many previous projects the developer conducted in which working with the community was a factor. The developer's successful past community relationships will earn a higher score. If the developer has never had the experience of working with the community on any other projects, then the associated risk will be reflected in the selection score. The scale for this criterion can be found in Appendix F.

4.4.4. Achievement of Army Goals

Another important selection criterion is the achievement of Army goals, since EUL deals with the property on military installations. One of the benefits of EUL is that the installation gets

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[14] Ibid., p. 16.

back money or services through the lease. One Army goal of EUL is to alleviate some of the base costs to the installation. The installation wants a developer who will be able to earn enough profit to be able to provide beneficial cash or in-kind consideration back to the installation.

The panel must also make sure that the developer's approach is aligned with the installation's mission. The installation commander will determine how he or she wants the project to be completed, so the panel needs to make sure that the developer is prepared to follow the commander's guidance. The installation also wants to provide a rewarding and enriched environment for the soldiers.[15] It wants in-kind services that the soldiers will appreciate. In addition, the installation wants to minimize the adverse impact to the character of the buildings and those buildings in the surrounding area.[16] The Army wants to attract and retain the most competent and dedicated people in the Nation.[17] The Army can attract this kind of person by making the facilities as modern as possible and showing the soldiers that they care about their well-being.

The Army is made up of people, and the installations care about their soldiers, their families, as well as the surrounding community. A military website says that the "Soldiers...are the centerpiece of our formation."[18] Therefore, the installations want to meet the needs of the soldiers so they can retain soldiers throughout their careers. The in-kind services performed by the developers should benefit the soldiers, families, and the community. The scale for Army Goals can be found in Appendix F.

4.4.5. Project Experience / History

This criterion determines whether the developer has been involved with high-caliber and government projects in the past. It is also a way to check the developer's reference record, specifically how the references have viewed the developer's quality of work and the developer's ability to meet deadlines. Our aim is to generate a rating based on a quantitative scale, therefore eliminating subjectivity, and providing a well-defined systematic process for the rater (the panel member).

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[15] http://www.army.mil/vision/Chain.htm#people
[16] NOL
[17] http://www.army.mil/vision/Chain.htm#people
[18] http://www.army.mil/vision/default.htm

The four sub-criteria within Project Experience / History detail a more thorough look at the developer's experience using numerical data only. These sub-criteria are each assigned a point total based on a five-point scale, and those point totals are averaged in order to generate one rating for this criterion.

The first sub-criterion is the reference view of quality. The references for the past ten projects the developer has completed are asked their opinion on the developer's quality of work. There are really only two answers: "Yes, the project was quality work" or "No, the project was not quality work." Thus, five points are awarded to a positive response (the former) and one point is awarded to a negative response (the latter). There are no intermediate point categories for such a question. Again, it is important to note that higher point totals always reflect a more favorable score to the developer for their final point assessment.

The next category is the reference view on deadlines. Again, the references for the past ten projects are interviewed, but this time they are asked if the developer met all the pertinent deadlines on the project. This is also a type of question that only requires two answers, either a positive or negative response. The positive response is assigned five points and the negative is assigned one point. Later in this section, we will discuss this 'all-or-nothing' approach and its weighted effect on the averaged point total.

The panel also needs to consider the number of large projects the developer has undertaken. The developer is asked how many large projects it has completed in the last ten years. Large projects can be defined as those that have a monetary value of $500,000 or more. This is based on the approval limit for an enhanced use lease. Table 4 contains a breakdown of the point scale for this sub-criterion.

Table 4. Points Assigned for Large Projects.

Number large projects completed in the past 10 years (>$500,000)	**Point total awarded**
20 or greater	5
15 to 19	4
10 to 14	3
5 to 9	2
0 to 4	1

The number of government projects that the developer has completed is also important since the developer will be working with the government on this project. The developer is asked how many government projects it has completed in the past ten years. Government projects are only those in which there were a *direct* exchange of services between the developer and the United States government. Table 5 provides the point total breakdown.

Using the 'all-or-nothing' approach (1 or 5 points) in rating the 'reference view on quality' and 'reference view on deadlines' categories has a unique effect on the weights of these categories. Since there are four sub-criteria under Project Experience / History, a poor quality

Table 5. Points Assigned for Government Projects.

Number government projects completed in the past 10 years	**Point total awarded**
10 or greater	5
8 to 9	4
6 to 7	3
4 to 5	2
0 to 3	1

project may automatically mark the total averaged score down by 25 percent. These two areas, however, are extremely important. The selection panel should ensure that developers have virtually no record of poor quality work and/or inability to meet deadlines.

The scores will then be compiled. The panel members, using the references and the provided guide, should be able to make appropriate ratings for each of the sub-criteria. The final step is to simply average the sub-criteria to provide a one-point (scalar) rating for the criterion Project Experience / History. This is shown in Table 6.

Table 6. Points Averaged To A Single Score For Project Experience/History.

Sub-Criteria	**Point Assignment**
Reference View on Quality	5
Reference View on Deadlines	1
Number of Large Projects	4
Number of Government Projects	4
Averaged point Total	3.5

4.4.6. Financial Solvency

This criterion is a measure of the developer's financial stability and capabilities. A good rating in this category should give the panel confidence that the developer has the capacity to undertake an Enhanced Use Lease. As in the Project Experience / History category, we are looking to use quantitative data as much as possible in order to eliminate subjectivity. This category has sub-criteria that the panel can use to evaluate each developer. Each of the sub-criteria is rated on a five-point scale. The sub-criteria will be averaged in order to generate one score for the Financial Solvency category.

The panel wants to make sure that the developer they choose has a clean credit history. This sub-criterion is a simple question of whether or not the developer has had a clean credit history over the past ten years. A positive response ("Yes, clean credit history") would generate a score of five while a negative response would receive one point. As discussed in the previous section, Project Experience / History, using an 'all-or-nothing' rating scale weights this sub-criterion more heavily by default. Again, a good credit history is extremely important.

4.4.6.1 Average Project Value

This evaluates the developer's average project value for the past ten years. This criterion differs from the 'number of large projects' category under 'Project Experience/History' because in this case we are checking to see whether the developer has a good base for handling large projects. For instance, even if the developer's past two projects have been valued at $500,000 or more, it still may have a very low average project value based on older projects. A developer with a large average, on the other hand, indicates that it either has been handling large projects for several years or has recently completed some very large projects. This proves to the panel that the developer has a good financial base for undertaking an Enhanced Use Lease. The rating scheme for this sub-criterion is provided in Table 7.

Table 7. Score for Average Value of Projects.

Average value of projects completed in the past 10 years	Point total awarded
$500,000 or higher	5
$400,000 to $499,999	4
$300,000 to $399,999	3
$200,000 to $299,999	2
0 to $199,999	1

4.4.6.2 Total debt to total assets ratio

It is important to view how much of the company's assets are provided through debt. A higher percentage in this category means that the company is relying too heavily on debt. The rater should use the most current ratio provided. The point breakdown is contained in Table 8.

Table 8. Points for Debt to Total Assets Ratio.

Total debt to total assets ratio	Points awarded
25% or less	5
26-35%	4
36-45%	3
46-55%	2
56% or higher	1

4.4.6.3 Operating Cash Flow Ratio

The numerator in this ratio is the company's cash flow from operations, while the denominator the company's current liabilities. This ratio is important in determining whether or not the developer has enough cash to meet its current obligations. A ratio of one or higher would indicate that the company does have enough cash and would receive a score of five points from the panel member. On the other hand, a ratio of less than one would receive a score of one point because it shows that the company is unable to meet its current obligations.[19] Once again, this method of rating affects this sub-criterion's weight.

[19] Weiss, Phillip, "Calculating Cash Flows," Accessed On-line, 13MAY02, Available at http://www.fool.com/research/2000/features000707.htm.

4.4.6.4 Cash current debt coverage

This ratio is very similar to the previous. The numerator in this ratio is the company's cash flow from current operations minus cash dividends, while the denominator the company's current interest-bearing debt. This ratio is important in determining whether or not the developer has enough cash to meet its current debt. A ratio of one or higher would indicate that the company does have enough cash and would receive a score of five points from the panel member. On the other hand, a ratio of less than one would receive a score of one point because it shows that the company is unable to meet its debt.[20]

These five sub-criteria are averaged and compiled into one score the same way that the sub-criteria for 'Project Experience/History' were. This brief financial analysis can be applied to any developer. It is comprehensive and would clearly identify the developers that are strong and the developers that are weak as far as financial solvency is concerned. Future raters may consider several other factors listed in companies' balance sheets, income statements, and cash flow statements in order to determine other ways to analyze a developer's solvency.

4.4.7. Business / Financing Plan

This category assesses how much the developer demonstrates it ability to finance the project. We combine quantitative and qualitative evaluations in order to get a better grasp of this criterion. These five criteria show the panel member how to determine if the developer meets all financing considerations. They are all evaluated on a five-point scale and are averaged to determine one score for Business/Financing Plan.

4.4.7.1 Average Length Of Lease

The developer is required to submit the average duration of its last ten leases. This shows the panel whether or not the developer has been involved in long-term projects and if the developer would be geared toward a long-term mentality if it became involved with a long-duration Enhanced Use Lease. The point breakdown is listed in Table 9.

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[20] Ibid.

Table 9. Points for Length of Leases

Average length of past ten leases (years)	Points awarded
50 or higher	5
40-49	4
30-39	3
20-29	2
0-19	1

4.4.7.2 Ratio of self-funded projects to loan-funded projects

This ratio captures how many projects the developer has actually funded itself compared to those funded through loans for the past ten years. When the developer submits project information in its application packet (Request for Qualification), it will also be required to indicate the funding for each project. In order for projects to qualify as 'self-funded,' they must receive over 50 percent of its funding for that project from the developer's own funds. Otherwise, the project will be regarded as 'loan-funded.' Table 10 provides the point distribution for this sub-criterion.

Table 10. Points for Self-Funded to Loan-Funded Ratio.

Self-funded to loan-funded ratio (past ten years)	Points awarded
2.00 or higher	5
1.50 to 1.99	4
1.00 to 1.49	3
.50 to .99	2
0 to .49	1

4.4.7.3 Ratio Current Projects Open To Outstanding Loans

This ratio demonstrates whether the developer is meeting its current financing obligations. If the developer has more projects open than outstanding loans, then it shows that the developer is probably ready to undergo more projects. If this is the case (ratio greater than one), then the developer will be awarded five points in this category. If the opposite occurs, and the developer has a ratio of one or less, then it seems that the developer may be trying to undergo more projects than it should handle based on its current liabilities. In this situation, the developer would only receive one point.

4.4.7.4 Plan For Tenants

This sub-criterion is a qualitative evaluation. Here, the developer is expected to provide a detailed plan on how it will provide or coordinate tenants for the property that it is developing. The rating scale for this sub-criterion is summarized in Table 11.

Table 11. Points for Tenant Plan.

Tennant Plan	Points awarded
Detailed, comprehensive, long-term	5
Fairly comprehensive	4
Missing some considerations	3
Missing several considerations	2
Virtually no plan	1

The four criteria will be averaged in order to provide one score for the 'Business/Financing Plan' category. The aim in this category is to ensure that the developers are thinking 'long-term' as far as financing is concerned and to identify any financial risks.

4.4.8. Historical Properties Experience

For this criterion, the panel members are expected to conduct two assessments, one quantitative and one qualitative. This category relies more heavily on qualitative analysis due to its broad scale of possible scenarios. The two sub-criteria will each have equal weight and will be averaged in order to generate one score for the 'Historical Properties Approach' category.

4.4.8.1 Number Of History Projects Completed

For this sub-criterion, the developer is required to submit the number of historical projects it has completed over the past ten years. A historical project is defined as one that has involved any degree of historical property, and it must be valued at $20,000 or more, or else the project will be eliminated from the count. Table 12 contains the point scale for this sub-criterion.

Table 12. Points for Historical Projects.

Number Of Historical Projects (Past Ten Years)	Points awarded
10 or higher	5
8 to 9	4
6 to 7	3
4 to 5	2
0 to 3	1

4.4.8.2 Historical Property Plan

The developer is expected to create a well detailed, comprehensive, and long-term plan for dealing with the historical property. In this plan, examples from past or current projects in which the developer has dealt with historical properties are encouraged. See Table 13 for the point breakdown for this category.

Table 13. Points for Historical Properties Approach.

Historical Properties Approach	Points awarded
Comprehensive, many good quality examples	5
Comprehensive, some good quality examples	4
Not comprehensive, few good quality examples	3
Not comprehensive, no good quality examples	2
Virtually no plan	1

The group at Fort Sam Houston, Texas, who conducted a pilot Enhanced Use Lease in 2001, inspired much of the work for this category. They leased a Beach Pavilion Complex that they deemed a 'category five' historical property (the group used a five-point scale for historical properties). It is important to note that not all properties are historically significant. This criterion's weight is decided when the garrison commander makes his or her weighting assessments at the beginning of our selection process.

4.4.9. Environmental Approach

This criterion is virtually the same as the second sub-criterion for 'Historical Properties Approach.' The panel members are expected to conduct only a qualitative assessment. The developer is expected to create a well detailed, comprehensive, and long-term plan for dealing

with the environmental issues. In this plan, the developer may submit examples from past or current projects where they have addressed environmental issues. Table 14 lists the point breakdown for this category.

Table 14. Points For Environmental Approach.

Environmental Approach	Points awarded
Comprehensive, many good quality examples	5
Comprehensive, some good quality examples	4
Not comprehensive, few good quality examples	3
Not comprehensive, no good quality examples	2
Virtually no plan	1

4.5. Future Work

The tool provided has not been tested in an actual enhanced use lease evaluation process. The tool has been presented to a potential user at the USMA DHPW Real Estate Office, and updates and recommendations received were incorporated into the current version of the tool. In order to validate the tool, however, it should be implemented and tested in an enhanced use lease. This would allow any further recommendations and suggestions to be added in. The tool itself is dynamic and put into an Excel format for ease of updating and data transfer.

There is also an interest in the enhanced use-leasing program from the comptroller certification program at Syracuse University. Given the process steps, the developer selection tool, and a draft version of this report, the comptroller students are working to develop a suggested method for choosing a property for an enhanced use lease. They are using an entrepreneurial approach to building a methodology. This work should also be considered for incorporation into the EUL guidebook and for presentation at DHPW and/or garrison commander conferences.

Section 5. Recommendations

This report was designed to provide insight and suggestions both from the bottom up or from the installation commander's perspective. The recommendations and tools provided were meant to streamline the process by making it more understandable and manageable.

The Excel-based EUL process model should be provided to installation staffs as a method for managing their EUL projects. The model is dynamic, searchable, and can easily be updated and shared with involved parties. The model also provides a framework in which lessons learned can be captured and archived.

Although the method, or tool, for selecting a developer has not been tested, it should also be distributed to installation staffs to assist them in managing the enhanced use lease program. There has been a request from the US Recruiting Command (USAREC) to modify and use this program for their recruiting station management.

In order for enhanced use leasing to become a more popular and accepted tool for real property management, the regional installation commands need to become a focal point for execution. They should develop the planning guidance and provide the staff support to the installations so that this program can succeed.

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Appendix A: List of Symbols, Abbreviations and Acronyms

ACSIM	Assistant Chief of Staff for Installation Management
BARS	Behaviorally Anchored Rating Scale
BRAC	Base Realignment and Closure
DA	Department of the Army
DHPW	Department of Housing and Public Works
DoD	Department of Defense
DSE	Department of Systems Engineering
DTIC	Defense Technical Information Center
EUL	Enhanced Use Leasing
ISR	Installation Status Report
MACOM	Major Engineer Command
NOL	Notice of Availability to Lease
RFP	Request for Proposal
RFQ	Request for Qualification
ORCEN	Operations Research Center of Excellence
SE	Systems Engineering
SME	Subject Matter Expert
USACE	United States Army Corps of Engineers
USAREC	United States Recruiting Command
USMA	United States Military Academy

Appendix B: Enhanced Use Leasing Process Hierarchy

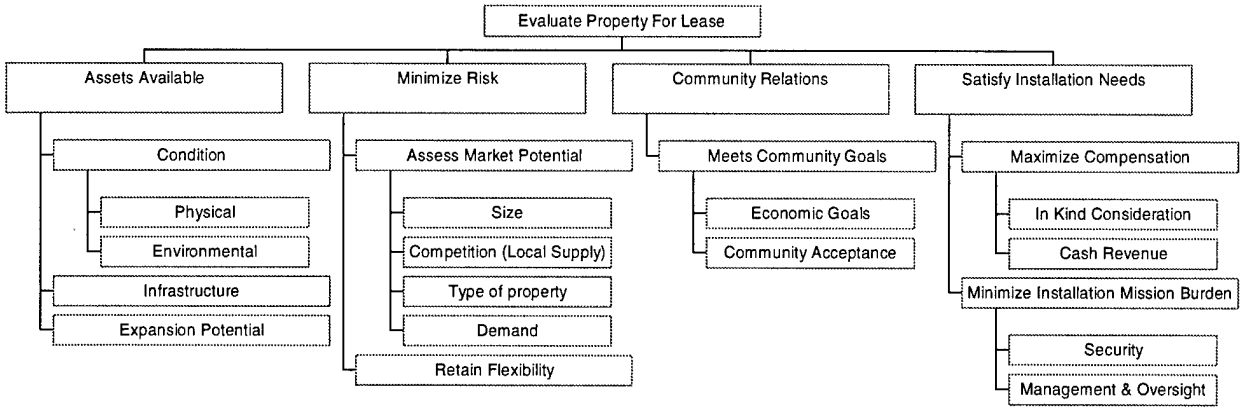

Figure 3. Enhanced Use Leasing Process Hierarchy.

Appendix C: Enhanced Use Leasing Process

Example of the Excel-Based Guidance Presentation

Table 15. EUL Guidance Presentation Example.

FAST TRACK REQT?	ACTION	RESPON-SIBILITY	COORDINATING & SUPPORTING AGENCIES	REFERENCES, REGULATIONS, AIDS	AREAS TO CONSIDER & LESSONS LEARNED & RISKS
	Identify Potential Property				
Y	Identification of EUL Targets of Opportunity	Installation		RPLANS, Space Utilization	
Y	Determine Historic Impact	Installation	Office of Historic Properties		Potential Tax Incentives
Y	Propose a project for approval	Installation			
Y	Community support and ideas	Installation	Local Chamber of Commerce		Are there already requests from developers?
Y	Description of project	Installation			Type of facility & Potential Uses
Y	Link to current mission	Installation			
Y	Identify Scope of project	Installation			Timeline
Y	Anticipate challenges and/or obstacles	Installation			Infrastructure, Supporting Facilities, Security
	Request Market Analysis and Feasibility Study from USACE	Installation	USACE		

Appendix D: Selection Tool Objective Hierarchies

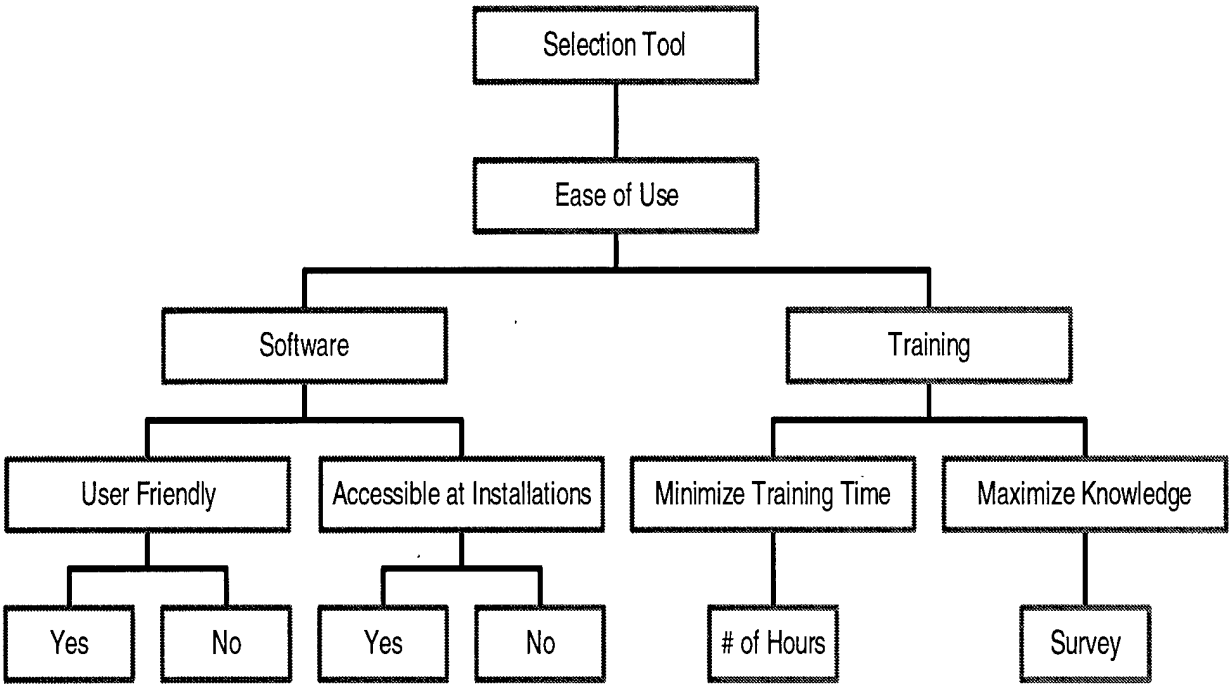

Figure 4. Ease of Use Decomposition.

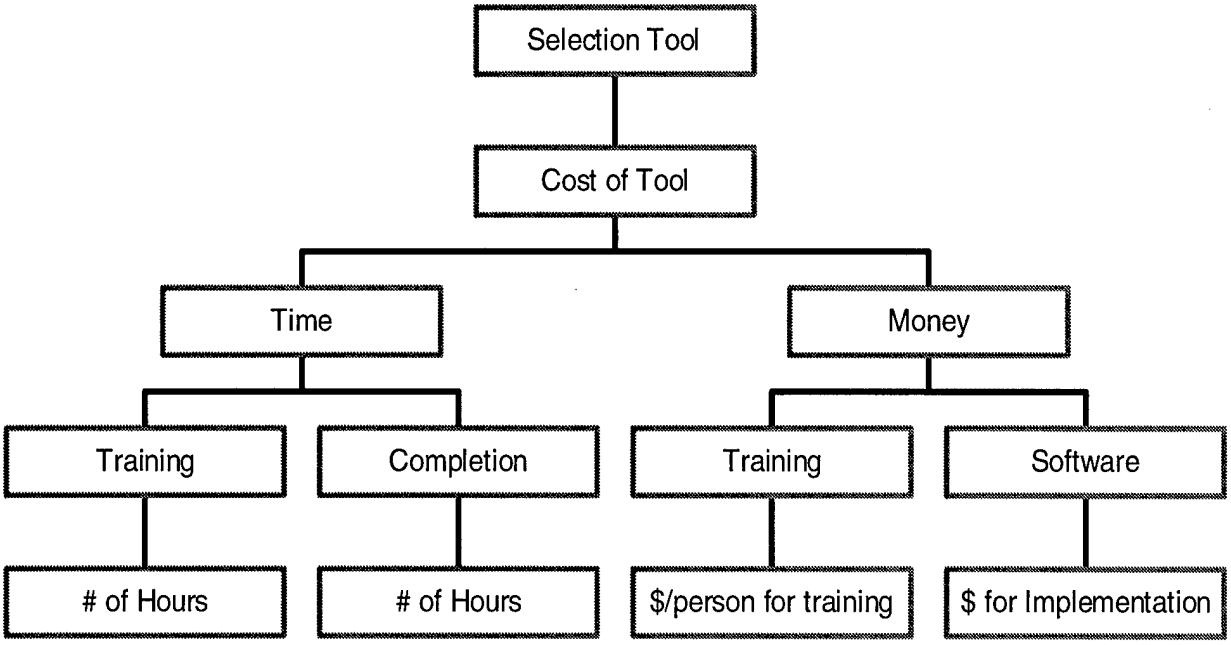

Figure 5. Cost of Tool Decomposition.

Appendix E: Selection Tool Evaluation Hierarchies

This hierarchy shows all nine main criteria for evaluating potential developers. These criteria are broken down further in the next few pages of this appendix.

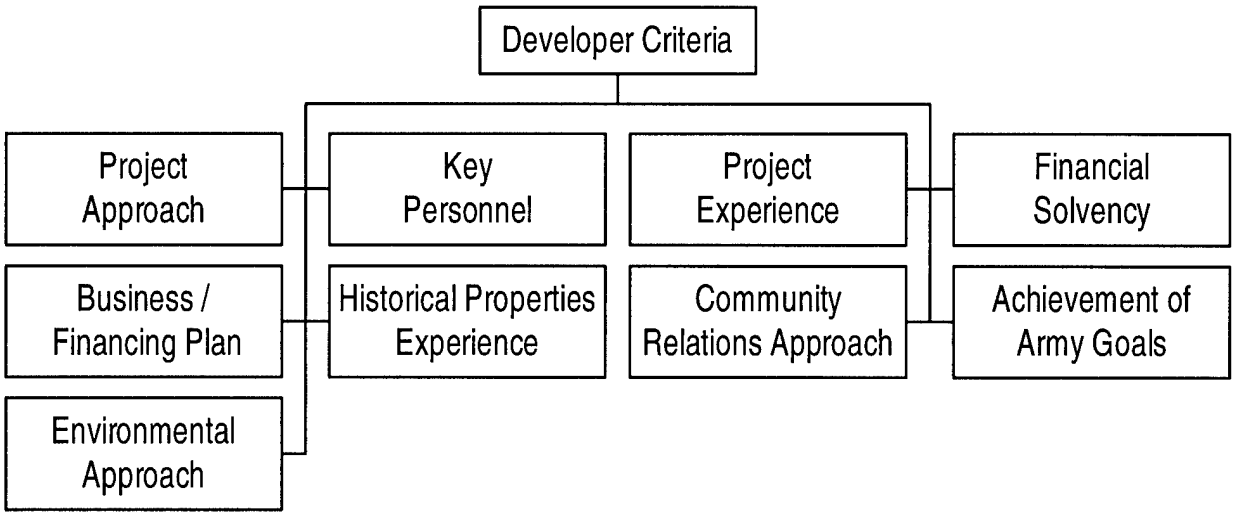

Figure 6. Top Level Developer Criteria.

Project Approach Evaluation Hierarchy

This hierarchy shows the evaluation hierarchy for the project approach category.

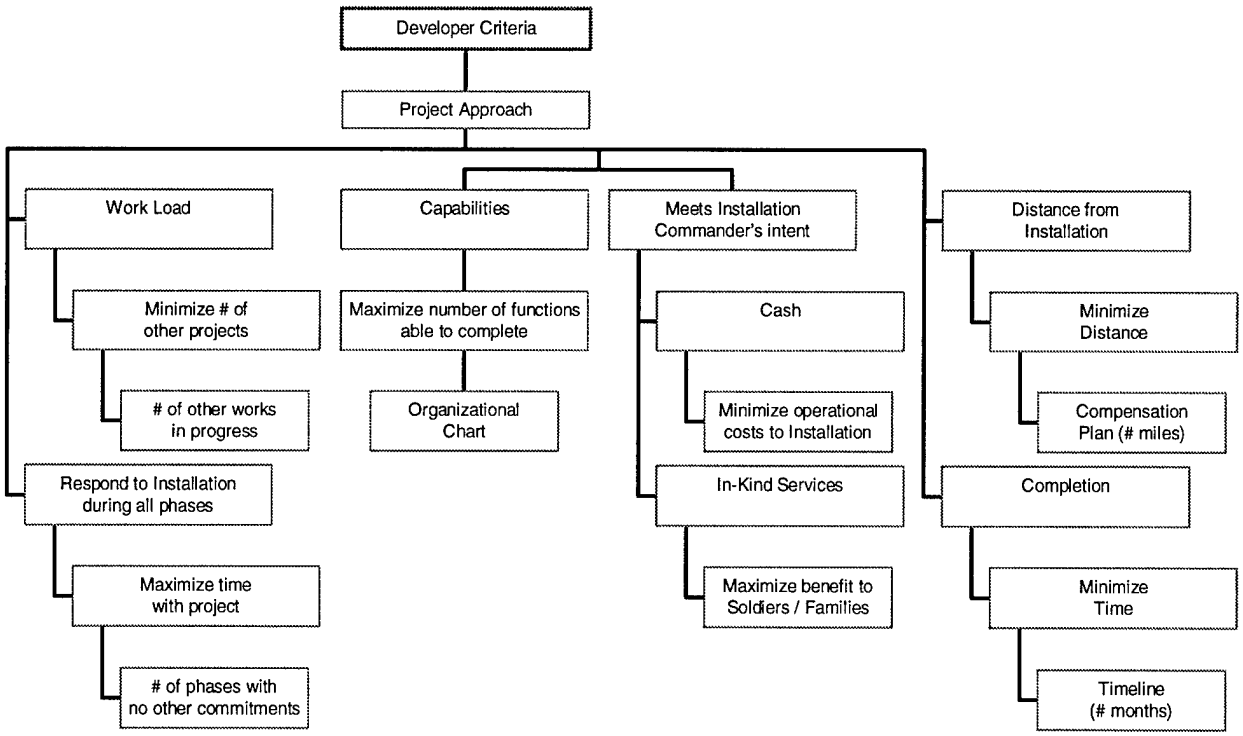

Figure 7. Project Approach Decomposition.

Qualifications of Key Personnel Evaluation Hierarchy

This hierarchy shows the evaluation hierarchy for the Qualifications of Key Personnel category.

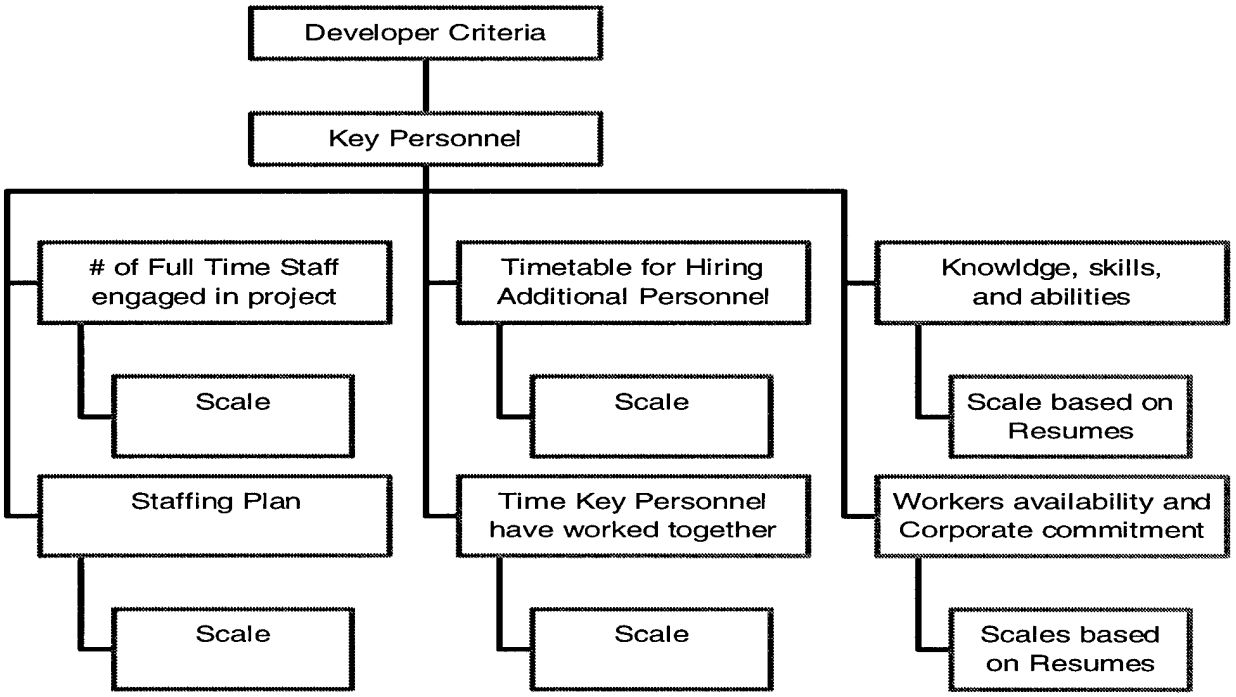

Figure 8. Key Personnel Decomposition.

Community Relations Approach Evaluation Hierarchy

This hierarchy shows the evaluation hierarchy for the Community Relations Approach category.

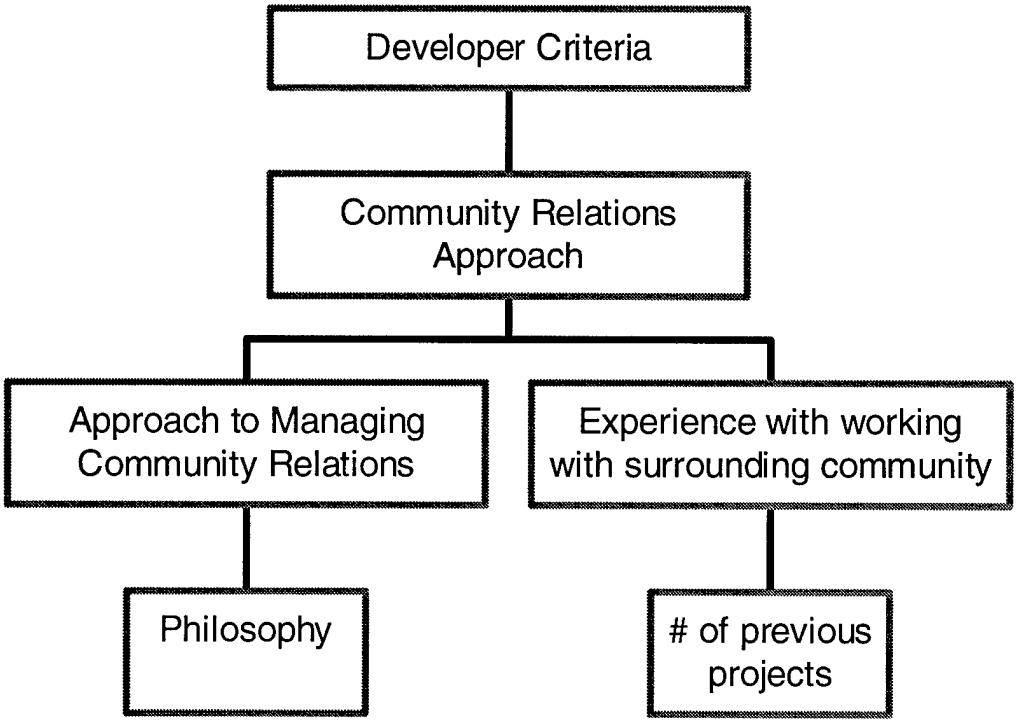

Figure 9. Community Relations Decomposition.

Achievement of Army Goals Evaluation Hierarchy

This hierarchy shows the evaluation hierarchy for the Achievement of Army Goals category.

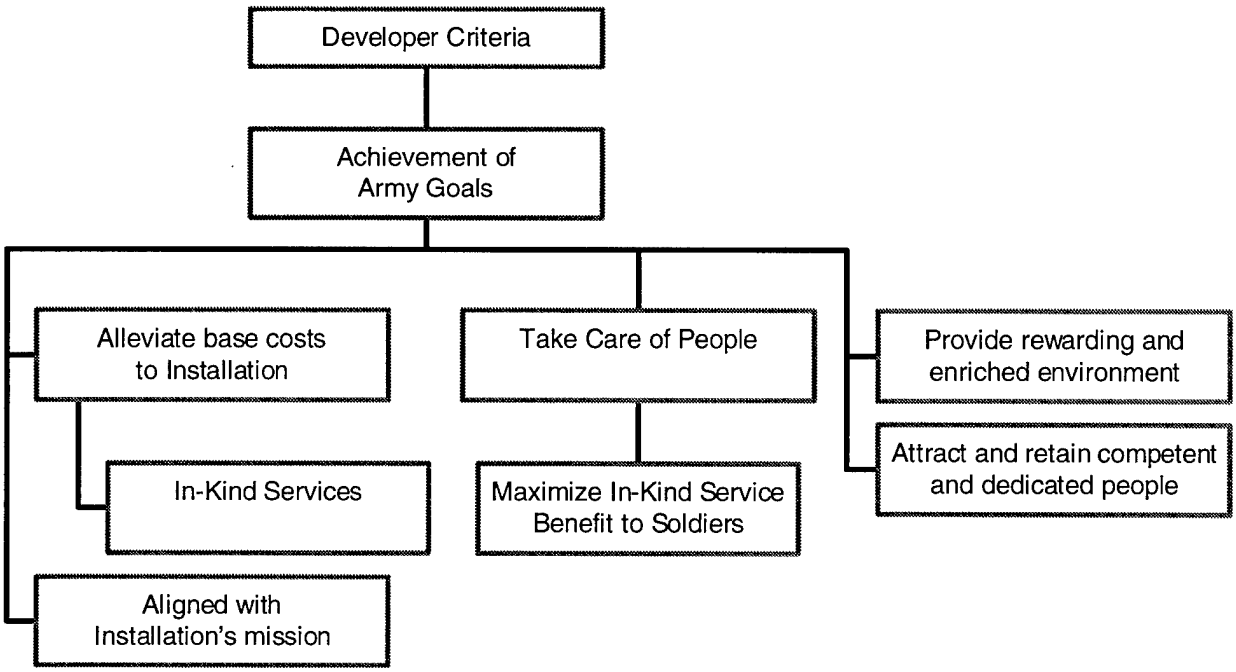

Figure 10. Achievement of Army Goals Decomposition.

Project Experience / History Evaluation Hierarchy

This hierarchy shows the evaluation hierarchy for the Project Experience / History category.

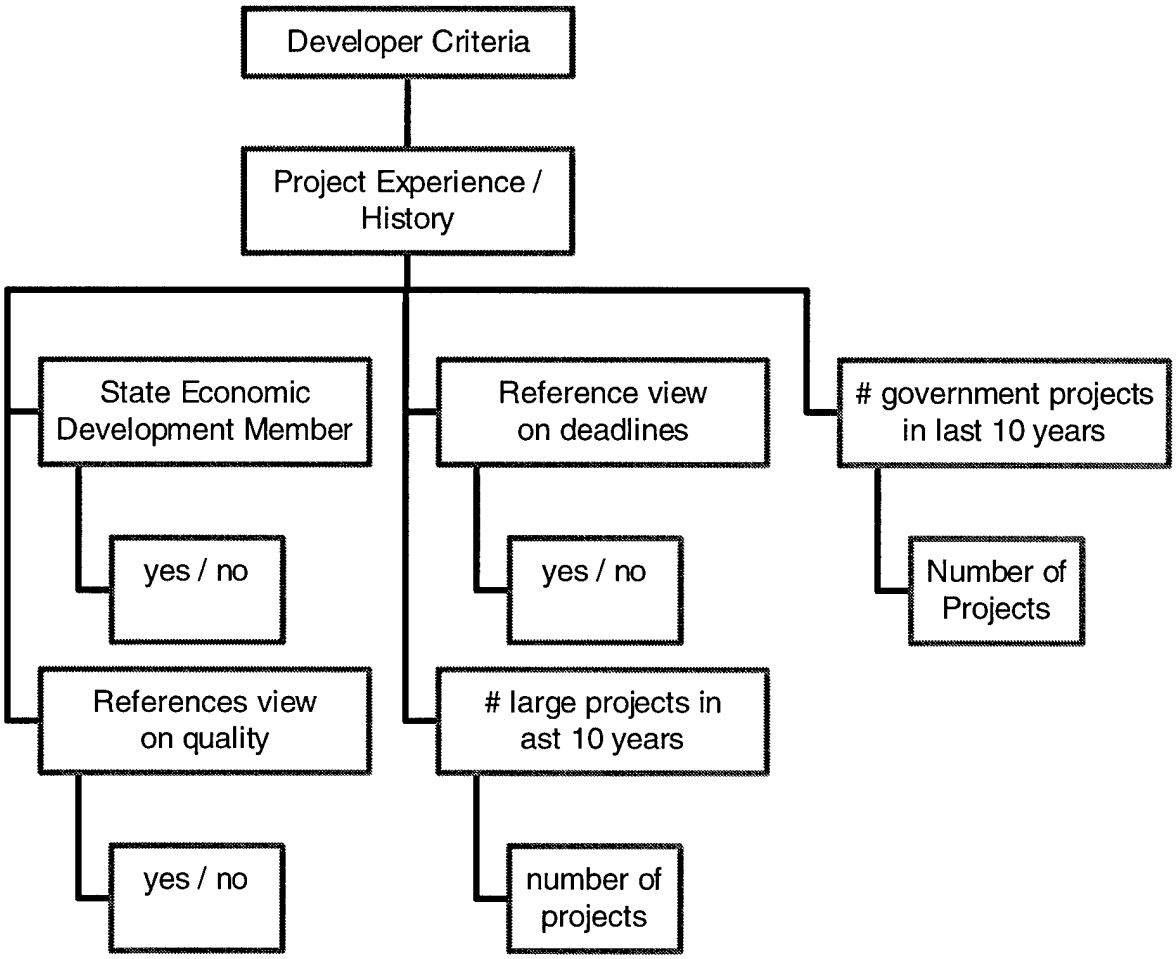

Figure 11. Project Experience/History Decomposition.

Historical Properties Approach Evaluation Hierarchy

This hierarchy shows the evaluation hierarchy for the Historical Properties Approach category.

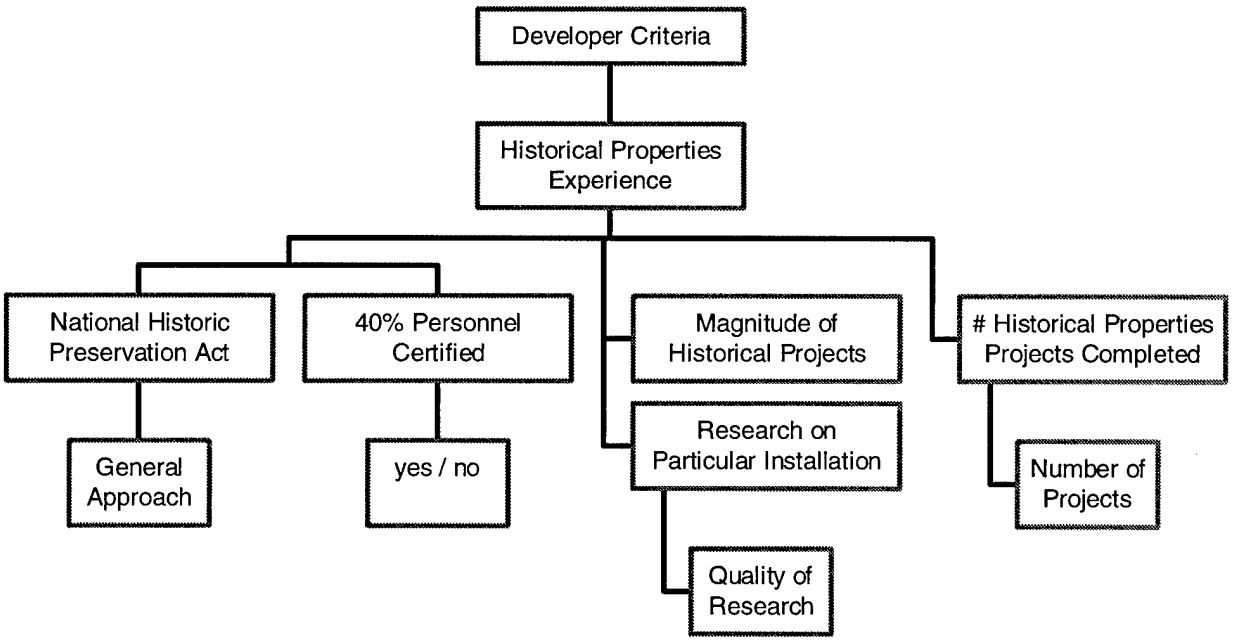

Figure 12. Historical Properties Experience Decomposition.

Appendix F: Developer Selection Tool Views and Implementation Guide

Enhanced Use Leasing – Installation Commander view

(As seen in Excel software)

Installation Commanders: Please input the weights for your installation in the chart below. Each category can be given a rating from 0 to 10. If a criterion is not an issue for your installation and project, then place a zero and that category will be nullified for the rest of the selection process. Rate all other criteria based on what is important to your installation and to your specific project. These are independent criteria. They are not ranked ordered. The weights found for your project based on your ratings will be used to find a final score for each developer. The highest total score at the end of the panel evaluation will represent the best developer for your project. For further guidance about the categories, please refer to the explanations below the table.

Installation Commander's Order of Importance and Weights		
	Rating 0 - 10	**Weight**
Project Approach		
Qualifications of Key Personnel		
Community Relations Approach		
Achievement of Army goals		
Project Experience / History		
Financial Solvency		
Business / Financing Plan		
Historical Properties Experience		
Environmental Considerations		
	Total	

Figure 13. Excel Installation Commander View.

Explanations for criteria:

Project Approach - Project Approach measures the proposals the developer makes about his intentions for the lease or property. This category measures the following parameters for each developer: other works in progress, ability to respond to the Army during all phases of the project, organizational chart, ability to meet garrison commander's needs for in-kind services or cash, plan to compensate for distance from installation, and timeline.

Qualifications of Key Personnel – Key personnel are anyone who is critical to the completion of the project. This category includes the following sub-criteria: number of full time staff engaged in the project development, staffing plan, timetable for hiring additional staff, extent to which key personnel have worked together as a team, key personnel possess everything (knowledge, abilities, and skills) necessary for completing the project, and extent to the workers' availability and corporate commitment.

Community Relations Approach – The community relations approach assesses the developer's ability to work with the surrounding community. Developers are rated based on their experience working with the community in past projects and their current approach in managing relations with the surrounding community.

Achievement of Army Goals – This criterion measures how well the developers can achieve all the goals of the Army and installation. It will measure how the developer will help alleviate some of the base costs of the installation, maximize benefits to soldiers, and provide an enriched environment for the soldiers and their families.

Project Experience / History – Project Experience / History will have a score based on the developer's references and how many past projects the developer has completed.

Financial Solvency – Financial solvency looks at the developer's credit history, book value of the firm, and firm size. It also looks at the value of past projects.

Business / Financing Plan – The business / financing plan evaluates the developer's plan for possible tenants, any past loans, and self-funded projects.

Historical Properties Experience – If the property is a historical site, this criterion is important. It relies on experience, the developer's approach to the National Historical Preservation Act, and if the developer has Heritage Preservation Certification.

Environmental Approach – The environmental approach looks at whether the developer has had any environmental defects in the past and if they follow the National Environmental Conservation Policy.

Enhanced Use Leasing – Installation Commander Final Weight Selection View

This is a sample of what the installation commander would see after inputting his or her ratings.

These are the following weights you have selected for your installation's project:

Garrison Commander's Order of Importance and Weights		
	Rating 0 - 10	**Weight**
Project Approach	6	13.04
Qualifications of Key Personnel	6	13.04
Community Relations Approach	5	10.87
Achievement of Army goals	4	8.70
Project Experience / History	7	15.22
Financial Solvency	7	15.22
Business / Financing Plan	8	17.39
Historical Properties Experience	0	0.00
Environmental Considerations	3	6.52
	Total	100.00

Figure 14. Excel Installation Commander View Example.

This graph represents your weight allocation for all nine criteria.

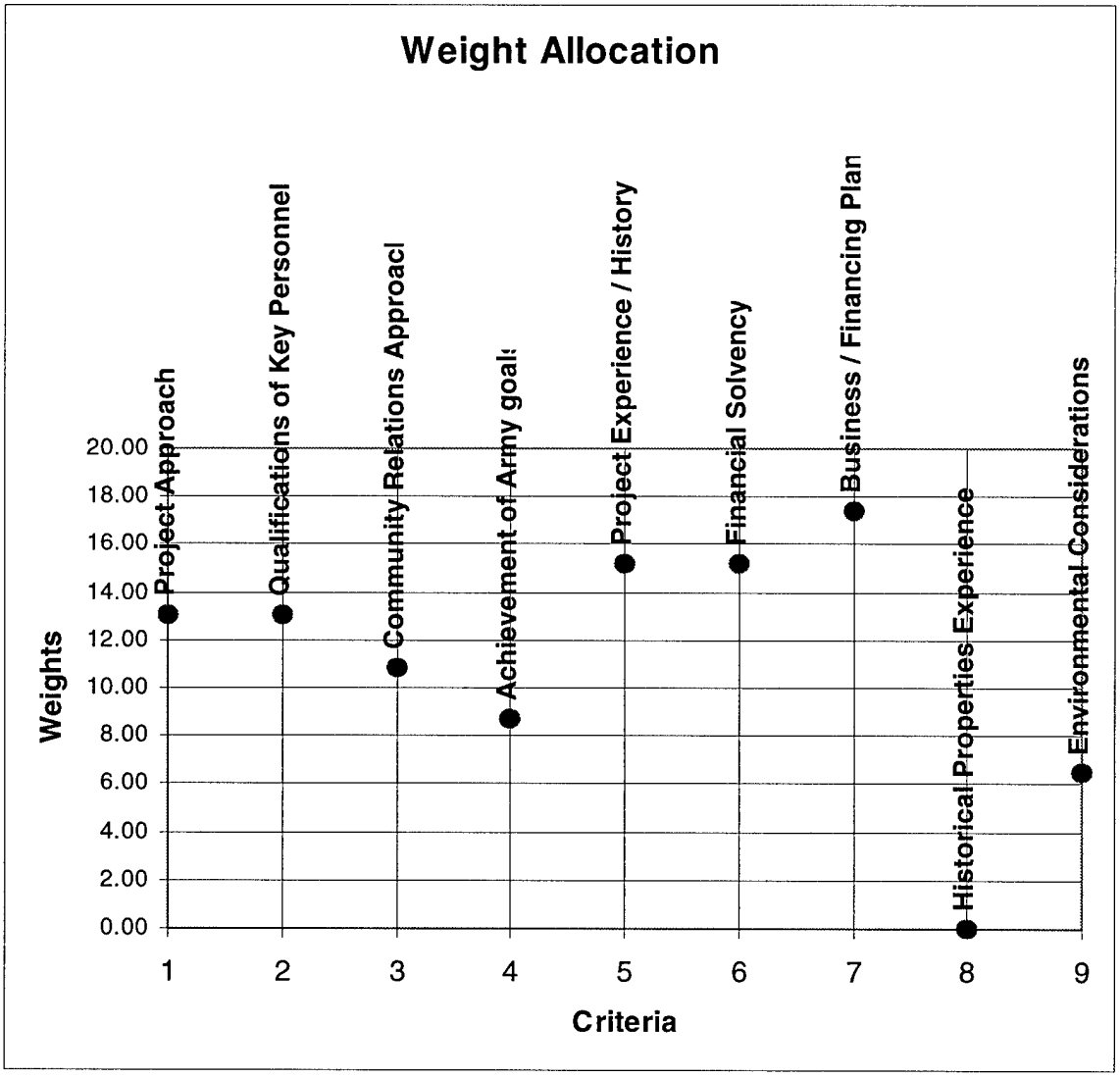

Figure 15. Excel Installation Commander's Results Example.

Enhanced Use Leasing – Panel View

(As seen in Excel software)

Panel members: You will evaluate each developer based on the following nine criteria: project approach, qualifications of key personnel, community relations approach, achievement of Army goals, project experience / history, financial solvency, business / financing plan, historical properties experience, and environmental approach. You will rate each category on a scale of 1 to 5. The scales for each category are found below. Once you look through the developer's application and qualifications, input your score into the spreadsheet found below the explanations. There is a spreadsheet for each developer. Once each panel member inputs all the scores for each developer into all the spreadsheets, a final score will automatically be computed. The score is based on each panel members' ratings and on the weights previously given by the installation commander. The highest score represents the developer who best meets the needs of the installation.

Selection Criteria: Project Approach Scale:

5 – Has no other works in progress, illustrates the ability to respond to the Army and installation during all phases of the project, developer's organizational chart clearly demonstrates their capability of carrying out all functions required for this project, fully meets the needs and goals of the Army and the installation, prepared to meet Garrison Commanders needs for in-kind services or cash (in-kind services – has capabilities to meet the needs of the installation and services provide the maximum benefit to soldiers and their families, cash – amount of cash generated is sufficient enough to help alleviate operational costs of the installation and the project), establishes a plan to compensate for the distance from the contractor to the installation, developed a timeline to complete the project in an efficient manner.

4 - Has no more than one other work in progress, illustrates the ability to respond to the Army and installation during all phases of the project, developer's organizational chart clearly demonstrates their capability of carrying out all functions required for this project, fully meets the needs and goals of the Army and the installation, prepared to meet Garrison Commanders needs for in-kind services or cash (in-kind services – has capabilities to meet the needs of the installation and services provide the maximum benefit to soldiers and their families, cash – amount of cash generated is sufficient enough to help alleviate operational costs of the installation and the project), developed a timeline to complete the project.

3 - Has more than one other work in progress but it does not seem to prevent developer from completing the project, illustrates the ability to respond to the Army and installation during all phases of the project, developer's organizational chart does not clearly demonstrate their capability of carrying out all functions required for this project, fully meets the needs and goals of the Army and the installation, not fully prepared to meet Garrison Commanders needs for in-kind services or cash (in-kind services – has capabilities to meet the needs of the installation and services provide the maximum benefit to soldiers and their families, cash – amount of cash generated is sufficient enough to help alleviate operational costs of the installation and the project), developed a timeline to complete the project.

2 – Has more than one other work in progress and they have the possibility to impact on the speed and efficiency of completing the project, does not always illustrate the ability to respond to the Army and installation during all phases of the project, developer's organizational chart does not demonstrate their capability of carrying out all functions required for this project, attempts to meet the needs and goals of the Army and the installation but has room for improvement, not fully prepared to meet Garrison Commanders needs for in-kind services or cash (in-kind services – has capabilities to meet the needs of the installation and services provide the minimum benefit to soldiers and their families, cash – amount of cash generated is not sufficient enough to help alleviate operational costs of the installation and the project in a timely manner), developed a lengthy timeline to complete the project.

1 – Number of other works in progress prevents the developer from completing the project, does not illustrate the ability to respond to the Army and installation during all phases of the project, no organizational chart provided, does not meet the needs and goals of the Army and the installation, provides no explanation as to whether in-kind services or cash will be rendered.

Qualifications of Key Personnel

Note: Not all criteria define all numbers on the scale from one to five, but you can still give scores anywhere within the scale. The numbers defined are only measurements for the extreme values of each sub-criterion. If you feel the developer falls within these values, you can give them an intermediate number from one to five.

Number of full-time staff engaged in the project development

5 – The number of staff engaged in the project is sufficient to complete the project in the most efficient and timely manner possible.

3 – The number of staff engaged in the project allows for the project to be completed, but not in the most timely and efficient manner possible.

1 – The number of staff engaged in the project is insufficient for the project to be completed within a period that is acceptable for the installation to meet its needs and goals.

Staffing plan

5 – The developer has provided a detailed plan outlining the overall project coordination. This plan should include an organizational chart and staffing plan that demonstrates their capabilities of carrying out all functions required for this project while still being able to respond to the needs of the Army and installation during all phases of work being done.

1 – The developer makes no effort to demonstrate their ability to staff the project in a manner that allows them to carry out all functions required for this project.

Timetable for hiring additional staff

5 –Developer recognizes the need to hire additional staff during a phase of the project and has provided a plan that outlines the source of these workers needed and the specific jobs they will be completing. (or) No additional staff is needed.

3 –Developer recognizes the need to hire additional staff during a phase of the project but has not provided a plan that outlines when/where these workers will be hired.

1 – Developer has not considered if additional staff members will be needed.

Extent to which key personnel have worked together as a team.

5 – The Key personnel have worked together in an official capacity on at least three other projects.

3 – The Key personnel have worked together in an official capacity on at least one other project.

1 – The Key personnel have never worked together on a project.

Key personnel possess the knowledge, skills, and abilities necessary for completing this project, based on their resumes.

5 – The Key personnel have acquired the legal certifications necessary to perform their jobs.

1 – The Key personnel have not acquired the legal certifications to perform their jobs.

Extent to workers' availability and corporate commitment based on resumes

5 – The All workers have signed a contract that prevents them from abandoning a project before it is fully completed.

1 – The Workers have not signed a contract that prevents them from abandoning a project before it is fully completed.

Community Relations Approach

5 – The Developer has provided a philosophy and specific approach to managing community relations. Developer has also worked with the surrounding community on previous projects.

3 – The Developer has provided a philosophy and specific approach to managing community relations, but has not worked with surrounding community in the past.

1 – The Developer had not provided a plan that manages community relations and has not worked with the surrounding community in the past.

Achievement of Army Goals

Does the developer meet the following Army Goals? Base score on developer's ability to meet these goals.

- Alleviate some base costs to the installation
- Through in-kind services (maintenance, landscaping, renovation, etc.) or cash
- Approach aligned with installation's mission
- A top Army priority is taking care of people
- In-kind services benefit soldiers, their families, and the surrounding community
- Installations keep up with best facilities for soldier use
- Provide a rewarding and enriched environment
- Provide best facilities that the installation can offer
- Attract and retain the most competent and dedicated people in the Nation
- Update to the best facilities to show Army cares about soldiers and the environment in which the soldiers live

Based on these criteria, assign a score regarding Army goals:

5 – The Developer meets all Army goals
3 – The Developer meets about half of the Army goals
1 – The Developer meets few Army goals

Project Experience / History

Reference view on quality:

5 – There are no poor quality reports from last ten projects
1 – There are poor quality reports from last ten projects

Reference view on deadlines:

5 – Developer has met all deadlines from last ten projects
1 – Developer has not met all deadlines from last ten projects

Number of large projects:

Table 16. Number Of Large Projects Scores.

Number large projects completed in the past 10 years (>$500,000)	Point total awarded
20 or greater	5
15 to 19	4
10 to 14	3
5 to 9	2
0 to 4	1

Number of government projects:

Table 17. Number Of Government Projects Scores.

Number government projects completed in the past 10 years	Point total awarded
10 or greater	5
8 to 9	4
6 to 7	3
4 to 5	2
0 to 3	1

Financial Solvency

-Clean credit history:

5 – No bad credit
1 – Bad credit exists

Average project value

Table 18. Average Project Value Scores.

Average value of projects completed in the past 10 years	Point total awarded
$500,000 or higher	5
$400,000 to $499,999	4
$300,000 to $399,999	3
$200,000 to $299,999	2
0 to $199,999	1

Total debt to total assets ratio:

Table 19. Total Debt to Total Asset Ratio Scores.

Total debt to total assets ratio	Points awarded
25% or less	5
26-35%	4
36-45%	3
46-55%	2
56% or higher	1

Operating cash flow ratio:

5 – Ratio greater than 1
1 – Ratio 1 or less

Cash current debt coverage:

5 – Ratio greater than 1
1 – Ratio 1 or less

Business / Financing Plan

Average length of lease:

Table 20. Average Length of Lease Scores.

Average length of past ten leases (years)	Points awarded
50 or higher	5
40-49	4
30-39	3
20-29	2
0-19	1

Ratio self-funded projects to loan-funded:

Table 21. Ratio of Self-Funded Projects to Loan-Funded Projects Scores.

Self-funded to loan-funded ratio (past ten years)	Points awarded
2.00 or higher	5
1.50 to 1.99	4
1.00 to 1.49	3
.50 to .99	2
0 to .49	1

Ratio current projects open to outstanding loans:

5 – Ratio greater than 1
1 – Ratio 1 or less

Plan for tenants:

Table 22. Plan for Tenants Scores.

Tenant Plan	Points awarded
Detailed, comprehensive, long-term	5
Fairly comprehensive	4
Missing some considerations	3
Missing several considerations	2
Virtually no plan	1

Historical Properties Experience

Number of projects completed:

Table 23. Number of Projects Completed Scores.

Number of historical projects (past ten years)	Points awarded
10 or higher	5
8 to 9	4
6 to 7	3
4 to 5	2
0 to 3	1

Historical approach:

Table 24. Historical approach Scores.

Historical Properties Approach	Points awarded
Comprehensive, many good quality examples	5
Comprehensive, some good quality examples	4
Not comprehensive, few good quality examples	3
Not comprehensive, no good quality examples	2
Virtually no plan	1

Environmental Approach

Table 25. Environmental Approach Scores.

Environmental Approach	Points awarded
Comprehensive, many good quality examples	5
Comprehensive, some good quality examples	4
Not comprehensive, few good quality examples	3
Not comprehensive, no good quality examples	2
Virtually no plan	1

Insert scores (1-5) into the chart.

Applicant #1:

PANEL MEMBERS	Weights	Legal Rep		Garrison Commander		Dist. Army Corps of Eng. Rep		MACOM Engineer		OHPW		Cultural & Natural Res. Off		Business Development Off		Local Com. Relations Rep		DA Staff member		Financial advisor		
SELECTION CRITERIA																						Mean (Cat.)
Project Approach	13.04																					
Qualifications of Key Personnel	13.04																					
Community Relations Approach	10.87																					
Achievement of Army Goals	8.70																					
Project Experience / History	15.22																					
Financial Solvency	15.22																					
Business / Financing Plan	17.39																					
Historical Properties Experience	0.00																					
Environmental Approach	6.52																					
																						Total
Weighted Total	100.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Figure 16. Excel Summary with Example Weights.

This is a sample of what the panel would see after recording their scores. This is one applicant's score sheet. Each applicant would have a separate spreadsheet.

Applicant #1:

PANEL MEMBERS	Weights	Legal Rep	Garrison Commander	Dist. Army Corps of Eng. Rep	MACOM Engineer	DHPW	Cultural & Natural Res. Off	Business Development Off	Local Com. Relations Rep	DA Staff member	Financial advisor	
SELECTION CRITERIA												Mean (Cat.)
Project Approach	13.04	4	2	2	5	4	3	2	3	2	5	3.20
Qualifications of Key Personnel	13.04	3	3	3	3	4	3	3	2	4	2	3.00
Community Relations Approach	10.87	2	3	4	4	3	4	5	3	4	5	3.70
Achievement of Army Goals	8.70	3	4	4	4	3	5	4	3	3	4	3.70
Project Experience / History	15.22	2	3	4	3	3	3	3	3	3	3	3.00
Financial Solvency	15.22	1	2	2	2	2	2	2	2	2	2	1.90
Business / Financing Plan	17.39	2	3	3	3	3	3	3	3	3	3	2.90
Historical Properties Experience	0.00	3	1	1	1	1	1	1	1	1	1	1.20
Environmental Approach	6.52	2	3	3	3	3	3	3	3	3	3	2.90
												Total
Weighted Total	100.00	233	280	307	330	311	319	302	272	296	328	2972

Figure 17. Excel Summary with Example Weights and Scores.

Assuming, in this case, that there are eight developers, Table 26 shows, with example data, how the selection tool would rank order the applicants' scores to highlight the best developer. Applicant number eight is the best choice. This is shown graphically in

Table 26. Example Developer Ranking.

Developer Name	Score
Applicant #8:	3067
Applicant #5:	3052
Applicant #4:	3050
Applicant #3:	3046
Applicant #7:	3015
Applicant #2:	3015
Applicant #6:	3004
Applicant #1:	2972

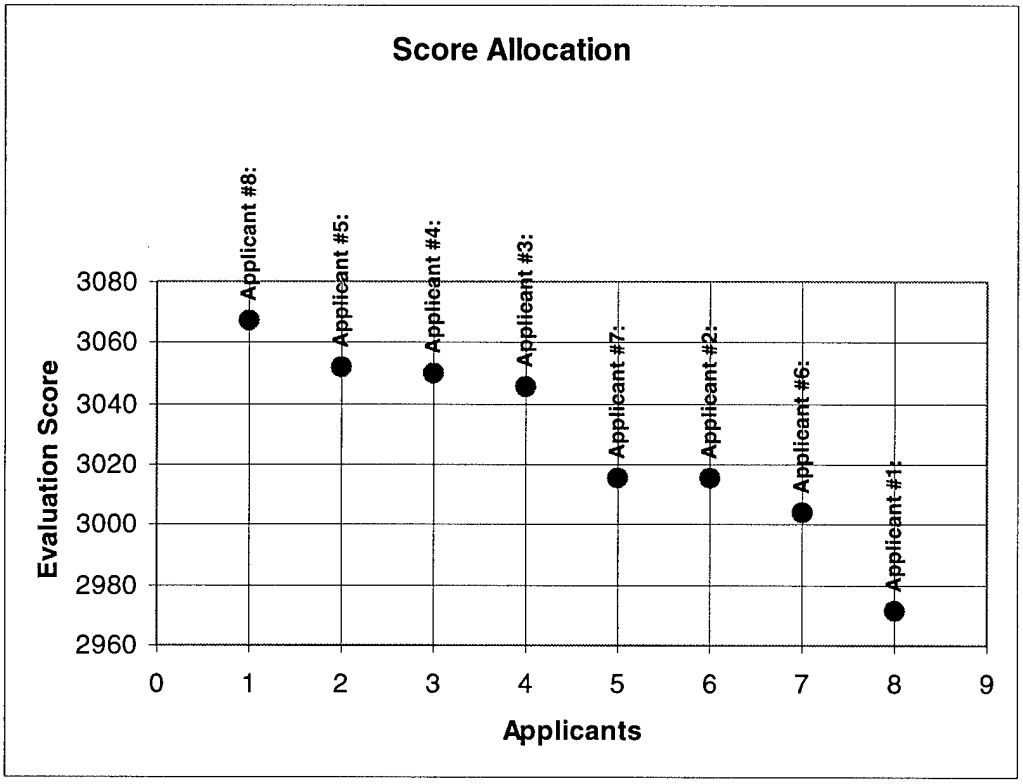

Figure 18. Developer Score Graphic.

Appendix G: Example Score Sheet

This Excel sheet requires the evaluators to input their scores to ultimately derive the most qualified applicant. Scores are based on panel evaluation and the Garrison Commander's weights.

Applicant #1:

PANEL MEMBERS	Weights	Legal Rep	Garrison Commander	Dist. Army Corps of Eng. Rep	MACOM Engineer	DHPW	Cultural & Natural Res. Off	Business Development Off	Local Com. Relations Rep	DA Staff member	Financial advisor	
SELECTION CRITERIA												Mean (Cat.)
Project Approach	13.04	4	2	2	5	4	3	2	3	2	5	3.20
Qualifications of Key Personnel	13.04	3	3	3	3	4	3	3	2	4	2	3.00
Community Relations Approach	10.87	2	3	4	4	3	4	5	3	4	5	3.70
Achievement of Army Goals	8.70	3	4	4	4	3	5	4	3	3	4	3.70
Project Experience / History	15.22	2	3	4	3	3	3	3	3	3	3	3.00
Financial Solvency	15.22	1	2	2	2	2	2	2	2	2	2	1.90
Business / Financing Plan	17.39	2	3	3	3	3	3	3	3	3	3	2.90
Historical Properties Experience	0.00	3	1	1	1	1	1	1	1	1	1	1.20
Environmental Approach	6.52	2	3	3	3	3	3	3	3	3	3	2.90
												Total
Weighted Total	100.00	233	280	307	330	311	313	302	272	296	328	2972

Figure 19. Example Of A Completed Evaluation Score Sheet.

Appendix H: Enhanced Use Leasing References and Links

Title 40, U.S.C., Section 485, Proceeds from Transfer, Sale, Etc., of Property.

Title 40, U.S.C., Section 471, Congressional declaration of policy.

Title 10, U.S.C., Section 2667, Leases: Non-Excess Property of Military Departments, as amended by Public Law 106-398, FY 2001 National Defense Authorization Act, Section 2812.

Title 10, U.S.C, Section 2668, Easements for Rights-of-Way, as Amended by Public Law 106-398, FY 2001 National Defense Authorization Act, Section 2812.

Title 10, U.S.C., Section 2669, Easements for Rights-of-Way: Gas, Water, Sewer Pipe Lines, as amended by Public Law 106-398, FY 2001 National Defense Authorization Act, Section 2812.

http://www4.law.cornell.edu/uscode

Federal Property Administrative Services Act, as amended by 42 U.S.C. 11411,
The Stewart B. McKinney Homeless Assistance Act
http://propertydisposal.gsa.gov/ResourceCenter/laws_regs_all/

Executive Order (EO) 12512
http://www.nara.gov/fedreg/codific/eos/e12512.html

OSD Guidance Memorandum
http://www.acq.osd.mil/installation/irm/irm_library/eul_policy.PDF

Department of Defense Financial Management Regulation 7000.14-R, Volume 12, Chapter 14, Transferring, Disposing, and Leasing of Real Property and Personal Property
http://www.dtic.mil/comptroller/fmr/

Defense Finance and Accounting Service-Indianapolis (DFAS-IN) Regulation 37-1, Finance and Accounting Policy Implementation, Chapter 14, Sales and Revenue
http://www.asafm.army.mil/links/dodLinks.asp (MIL Access Only)

DFAS-IN Manual 37-100-FY, Army Management Structure, File D5-5188.100, Disposal of DoD Property Receipt and Expenditure Accounts and File D5-5189.103, Lease of DoD Assets Receipt and Expenditure Accounts.
www.asafm.army.mil/secretariat/document/dfas37-100/

AR 405-70, Utilization of Real Estate
http://www.usapa.army.mil/pdffiles/r405_70.pdf

AR 405-80, Granting Use of Real Estate
http://www.usapa.army.mil/pdffiles/r405_80.pdf

AR 405-90, Disposal of Real Estate
http://www.usapa.army.mil/pdffiles/r405_90.pdf

AR 700-131, Loan and Lease of Army Materiel
http://www.usapa.army.mil/pdffiles/r700_131.pdf

Operation and Maintenance Budget Exhibit, PB34, Revenue from Transfer or Disposal of DoD Real Property and Revenue from Leasing Out of DoD Assets
http://www.asafm.army.mil/budget/fybm/FY02/oma/vol2/vol2.pdf (click on PB34)

Government Services Administration Property Disposal Library
http://propertydisposal.gsa.gov/ResourceCenter/laws_regs_all/

Wiant, Frank, ed. "Planning and Real Property Information." US Army Corps of Engineers. February-May 2002. http://www.hq.usace.army.mil/isd/librarie/RP/rp.htm.

Appendix I: Distribution List

The list indicates the complete mailing address of the individuals and organizations receiving copies of the report and the number of copies received.

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Department Head-DSE	Department of Systems Engineering United States Military Academy West Point, NY 10996	1
DHPW	DHPW, Real Estate Office West Point, NY 10996	1
ORCEN	Department of Systems Engineering West Point, NY 10996	5
ORCEN Director	Department of Systems Engineering West Point, NY 10996	1